

House Study Bill 707

SENATE/HOUSE FILE _____
BY (PROPOSED GOVERNOR'S BILL)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to tax credits under the university-based
2 research utilization program.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
4 TLSB 5456XL 80
5 tm/pj/5

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1 1 Section 1. Section 262B.11, subsection 2, paragraph a,
1 2 Code Supplement 2003, is amended to read as follows:
1 3 a. The applicant utilizes a technology developed by an
1 4 employee at a university under the control of the state board
1 5 of regents, provided that the technology has received a patent
1 6 after July 1, ~~2003~~ 2002. If the applicant has been in
1 7 existence more than one year prior to applying, the applicant
1 8 shall organize a separate company to utilize the technology.
1 9 For purposes of this section, the separate company shall be
1 10 considered the applicant and, if approved, the approved
1 11 business.
1 12 Sec. 2. Section 262B.11, subsection 5, paragraph b, Code
1 13 Supplement 2003, is amended to read as follows:
1 14 b. For the university employee responsible for the
1 15 development of the technology utilized by the approved
1 16 business, the value of the tax credit certificate shall equal
1 17 ten percent of the ~~tax liability~~ taxable payroll for the tax
1 18 year of the approved business. If more than one employee is
1 19 responsible for the development of the technology, the value
1 20 equal to ten percent of the ~~tax liability~~ taxable payroll for
1 21 the tax year of the approved business shall be divided equally
1 22 and individual tax credit certificates shall be issued to each
1 23 employee responsible for the development of the technology.
1 24 Each year, the total value of a certificate or certificates
1 25 issued for a utilized technology shall not exceed ~~seventy-five~~
1 26 twenty-five thousand dollars. For each technology utilized,
1 27 the total aggregate value of certificates issued over a five=
1 28 year period to the university employee responsible for the
1 29 development of the technology shall not exceed ~~two~~ one hundred
1 30 twenty-five thousand dollars.
1 31 Sec. 3. Section 262B.11, Code Supplement 2003, is amended
1 32 by adding the following new subsection:
1 33 NEW SUBSECTION. 5A. The total amount of tax credit
1 34 certificates issued to university employees under the
1 35 university-based research utilization program shall not exceed
2 1 two million dollars.

EXPLANATION

2 3 This bill relates to tax credits under the university-based
2 4 research utilization program.
2 5 Currently, as one of the application criteria, an applicant
2 6 for participation in the program must utilize a technology
2 7 developed by an employee at a university under the control of
2 8 the state board of regents, provided that the technology has
2 9 received a patent after July 1, 2003. The bill changes the
2 10 date to July 1, 2002.
2 11 The bill changes the calculation of the value of a tax
2 12 credit for university employees from 10 percent of the tax
2 13 liability of the approved business to 10 percent of the
2 14 taxable payroll for the tax year of the approved business.
2 15 The bill reduces the limitation on the amount of tax credit
2 16 certificates that may be issued each year for a utilized
2 17 technology from \$75,000 to \$25,000. The bill reduces the
2 18 five-year period limitation of the total aggregate value of
2 19 tax certificates issued per technology utilized from \$200,000
2 20 to \$125,000 for each university employee. The bill provides
2 21 that the total amount of tax credit certificates issued to
2 22 university employees under the university-based research
2 23 utilization program shall not exceed \$2 million.
2 24 LSB 5456XL 80

